



NOV 28 2005

The Honorable Mitch Daniels
Governor of Indiana
206 State House
Indianapolis, Indiana 46204

Dear Governor Daniels:

This is to respond to the letter of November 16, 2005, in which Indiana submitted a revised modification request and two supporting waiver requests to restructure and streamline its delivery of workforce services under the Workforce Investment Act (WIA). We support Indiana's efforts to streamline its governance structure in order to improve efficiency and assure greater accountability.

ETA has reviewed Indiana's two-year Strategic Plan, as modified, in accordance with Title I of the Workforce Investment Act, the Wagner-Peyser Act, the corresponding regulations, and the planning guidance. Pursuant to 20 CFR 661.230, this letter constitutes a written determination under WIA section 112(c) and (d) (29 USC 2822(c) and (d)) that the Plan, as amended, is consistent with the requirements of WIA and the Wagner-Peyser Act.

Given the major transformations that Indiana is undertaking effective July 1, 2006, there will be a need to develop a strong transition plan as well as new policies that align with your new structure. It is possible that additional modifications to your State Plan may be needed as a result of new policy development and/or the development of a new operating framework. 20 CFR §661.230(b)(2) identifies when modifications are required. We will provide, in a separate letter to the Indiana Department of Workforce Development, a list of issues that should be addressed during the transition period. The Employment and Training Administration is committed to supporting Indiana during the transition in whatever way is helpful.

In its modification submission, Indiana submitted a request for two waivers. The following is the disposition of the state's waiver submission:

Requested Waiver 1: To permit the state to apply 20 CFR 661.300(f) to the proposed balance of state workforce investment area, beginning July 1, 2006.

This regulatory provision permits the state workforce investment board to perform the functions of a local board in certain circumstances, such as when the state has been properly designated as a single statewide local area. Indiana is seeking to use its state board to carry out the roles and responsibilities of the local board in the balance of state workforce investment area described in its state plan modification request. The proposed balance of state workforce area is comprised of 91 of the state's 92 counties; contains 87 percent of the state's population; and includes the majority of Indiana's industries.

The state indicates that a waiver will enable it to implement a governance structure that is responsive to the unique characteristics of Indiana's labor market. Under the waiver, the state says that it will streamline administration of services, eliminate duplication, and increase efficiency in its workforce investment system, leading to improved services to citizens, personal income growth, and job and employment growth.

The waiver is written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c), and appears to meet the standard for approval at 20 CFR 661.420(e). We are granting a waiver to permit the state to apply 20 CFR 661.300(f) to the proposed balance of state workforce investment area. Under the waiver, the Governor may designate the state board to carry out the roles and responsibilities of the local board for the balance of state identified in the plan.

Requested Waiver 2: Waiver of WIA section 101(25) and 20 CFR 664.250 to include youth receiving free or reduced lunches under the National School Lunch Program to be considered low-income.

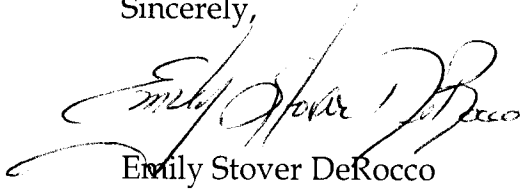
This request is similar to a request submitted by the state in its two-year Strategic Plan. That request was not approved and was dated July 7, 2005. Provisions related to eligibility of providers and participants are excluded from the WIA waiver authority and cannot be waived. Accordingly, we are not approving this request. The statute provides some flexibility to states in this area through a limited exception to the low-income criterion at WIA Section 129(c)(5). Additionally, the regulations (20 CFR 661.120) give states and local governments authority to establish their own policies and guidelines relating to verifying and documenting eligibility, as long as they are consistent with the statute, the regulations and other federal statutes.

There may be other WIA-related youth waivers that we could grant. Our staff stand ready to assist your state workforce staff in trying to find other means to gain flexibility in the provision of youth services.

The granted waiver is incorporated by reference into the state's WIA Grant Agreement, as provided under paragraph 3 of the executed Agreement. The waiver will be incorporated into National and Regional Office copies of the Plan. A copy of this letter should be filed with the state's WIA Grant Agreement and approved Plan, as appropriate.

We commend you for using the modification and waiver processes to make changes in your governance structure. We agree that it should reduce administrative costs, provide for an increased focus on performance, and strengthen the commitment of the employer community to the workforce investment system. We will be excited to hear about your progress under this new streamlined governance structure. We look forward to continuing to work with you and your staff as Indiana prepares for implementation of the new governance structure on July 1, 2006. If I can be of assistance, please feel free to call me at (202) 693-2700.

Sincerely,

A handwritten signature in black ink, appearing to read "Emily Stover DeRocco", written over a horizontal line.

Emily Stover DeRocco

cc: Ronald L. Stiver, Commissioner, Indiana Department of Workforce Development

Brooke Huntington, Deputy Commissioner, Indiana Department of Workforce Development

Byron Zuidema, Regional Administrator

Gay M. Gilbert, Administrator, Office of Workforce Investment

E. Fred Tello, Grant Officer